

INHERITANCE TAX – FA25 CHANGES GUIDE

FA25 Ch	FA24 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to inheritance tax	✓			'Long-term UK resident' replaces 'domiciled' as basis of IHT charge in 'Scope of IHT' section Note. 'Excluded property' moved into this chapter
2	2	Chargeable transfers		✓		'Long term UK resident' replaces 'domiciled' in section on exempt transfers Note. Excluded property moved to introductory chapter
3	3	Chargeable lifetime transfers – calculation of tax			✓	
4	4	Lifetime transfers – 'grossing-up'			✓	
5	5	Additional tax on death			✓	
6	6	Business property relief			✓	
7	7	Agricultural property relief			✓	
8	8	APR and BPR on death			✓	

9	9	'Fall in value' relief			✓	
10	10	The death estate		✓		'Long term UK resident' replaces 'domiciled' in section on exempt transfers
11	11	Nil Rate Bands			✓	
12	12	Restrictions on the deduction of debts	✓			'Long term UK resident' replaces 'domiciled' and definition of 'excluded property' updated
13	13	IHT valuation rules		✓		'Long term UK resident' replaces 'domiciled' in section on foreign assets
14	14	Quick succession relief			✓	
15	15	Post mortem reliefs			✓	
16	16	Gifts with reservation of benefit	✓			'Long term UK resident' replaces 'domiciled' and definition of 'excluded property' updated
17	17	Pre-owned Assets			✓	
18	18	Excluded property and DTR	✓			New chapter as a result of the abolition of the old domicile regime which is replaced with a system under which IHT liability is determined by 'long-term UK residence'.

19	19	Restricted Spouse Exemption	✓			New chapter as a result of the abolition of the old domicile regime. The restricted spouse exemption now applies to transfers by a spouse who is long-term UK resident (LTUKR) to a spouse who is not LTUKR. Transitional rules apply where elections were made under the previous domicile regime.
20	20	Inheritance tax administration	✓			'Long term UK resident' replaces 'domiciled' and scope of excepted estate updated
21	21	Payment of tax and the instalment option			✓	
22	22	Introduction to trusts		✓		Gains rules for overseas trusts and residence definition updated
23	n/a	Calculating the income tax liability			✓	
24	23	Income tax on interest in possession trusts			✓	
25	24	Income tax on discretionary trusts		✓		Explanation of the treatment of low income trusts clarified.
26	25	Exit charges on relevant property trusts		✓		Definition and IHT treatment of excluded property updated
27	26	Inheritance tax – Principal charges		✓		Excepted settlement condition for residence status of settlor updated

28	27	Other trusts for children			✓	
29	28	Interest in possession trusts – IHT issues		✓		'Long term UK resident' replaces 'domiciled' in section on IIP trusts created on death
30	29	Introduction to capital gains tax		✓		CGT rates updated
31	30	Capital gains and UK trusts		✓		CGT rates updated
32	31	CGT and UK trusts – Further aspects		✓		CGT rates updated
33	32	Trust income taxed on the settlor			✓	
34	33	Settlor interested trusts – CGT		✓		CGT rates updated
35	34	Estates in administration		✓		'Long term UK resident' replaces 'domiciled' in section on taxation of estates and CGT rates updated
36	35	Beneficiaries of deceased estates			✓	